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[Third Party Communication:

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Number: **201552030**

Release Date: 12/24/2015

From: [REDACTED]

Sent: Monday, December 07, 2015 1:18:04 PM

To: [REDACTED]

Cc: [REDACTED]

Bcc:

Subject: FW: Lien Priority - GL-137318-15

We believe that because, based on the law, the private parties who purchased lien certificates step into the shoes of the taxing authority (State of), the lien interest that the private parties hold would likely be subrogated to the rights of the State of with respect to the lien imposed by section 6321 of the I.R.C. See I.R.C. §6323(i)(2).

Thus, we believe the holders of the lien certificates likely will have super priority, per section 6323(b)(6) and will be entitled to distribution of the proceeds ahead of the Service. Please rework your memo to reflect this. Your analysis of section 6323(b)(6) is thorough, so you can keep it, but just apply it towards the State of as a holder of the lien, since private parties are merely subrogated to the State of rights with respect to the lien certificates they purchased. Once you apply the (b)(6) analysis to the State of , the deficient fourth element (it must be a tax) will be satisfied. If you want us to look at the memo again after you are done, we will gladly do so.

Also, in your memo you mentioned that the City of , condemned a piece of real property. If the situation in your case is really the taking of the property by the City of by eminent domain, please advise the Service to be careful when issuing a certificate of discharge once and if the Service's lien is satisfied by the condemnation proceed. We would recommend the Service consult the Chief Counsel office before and if it contemplates the issuance of a certificate of discharge.

Thank you and if you have any further questions please let me know,